

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-Bank)
EXEMPT FACILITY REVENUE BOND FINANCING PROGRAM**

STAFF REPORT

EXECUTIVE SUMMARY

Applicant:	Pacific Gas and Electric Company (PG&E)	Amount Requested:	Not to exceed \$50,000,000
Applicant Description:	PG&E, one of the largest investor-owned natural gas and electric utilities in the United States, serving approximately 5.1 million electricity distribution customers and approximately 4.3 million natural gas distribution customers throughout northern and central California.	Date of Board Meeting:	March 23, 2010
		Type of Issue:	Exchange/Refunding
		Resolution Number:	10-13
Project Sites:	Geysers Geothermal Power Plant with locations within Lake and Sonoma Counties, and Diablo Canyon Nuclear Power Plant located on the Pacific Coast Highway near San Luis Obispo.	Prepared by:	
Project Description:	I-Bank bonds (2010 E Bonds) will be exchanged for existing tax-exempt California Infrastructure and Economic Development Bank Refunding Revenue Bonds (Pacific Gas and Electric Company) Series 2005 E. The proceeds of the 2005 E Bonds were used to repay interim financing obtained by PG&E as part of its plan of reorganization in bankruptcy, which interim financing was used to refund bonds issued by the California Pollution Control Financing Authority in the 1980's and 1990's, initially for the purpose of financing air and water pollution control and sewage and solid waste disposal facilities at the Geysers Geothermal Power Plant and the Diablo Canyon Nuclear Power Plant. .		
Uses of Bond Proceeds:	2010 E Bonds proceeds will be used to refund the 2005 Bonds through an exchange of the 2005 E Bonds, which are currently held by PG&E. Once the 2010 E Bonds are exchanged for the 2005 E Bonds, the 2005 E Bonds will be cancelled, the 2010 E Bonds will be remarketed and the remarketing proceeds will be used to reimburse PG&E for the purchase of the 2005 E Bonds.		
Public Benefits:	PG&E anticipates that the exchange of 2010 E Bonds for the 2005 E Bonds, together with a public remarketing of the 2010 E Bonds, will save an estimated \$1.4 million for customers in interest costs on a present value basis over the next 5 years.		
Financing Structure:			
Type of Issue:		Publicly-remarketed securities initially issued as term bonds in minimum denominations of \$5,000 or any integral multiple thereof, subsequently possibly convertible to variable rate demand bonds in denominations of \$100,000 or any integral multiples of \$5,000 in excess thereof.	
Tax Status:		Tax-exempt, exempt facility bonds.	
Term:		Not to exceed 17 years.	
Credit Enhancement:		None at this time.	
Credit Rating:		The underlying credit ratings of PG&E are currently A3 by Moody's and BBB+ by Standard & Poor's.	
Total Est. Sources of Funds:		Total Est. Uses of Funds:	
2010 E Bonds	\$50,000,000	2005 E Bonds	\$50,000,000
TOTAL SOURCES		TOTAL USES	
	\$50,000,000		\$50,000,000
Financing Team:			
Bond Counsel:		Sidley Austin, LLP	
Borrower Counsel:		Orrick Herrington & Sutcliffe LLP	
Underwriter:		J.P. Morgan Securities, Inc.	
Trustee:		Deutsche Bank Trust Company Americas	
Special Counsel to I-Bank:		Stradling Yocca Carlson & Rauth	
Staff Recommendation:			
Staff recommends approval of Resolution 10-13 authorizing the issuance of 2010 E Bonds as refunding bonds in an amount not to exceed \$50,000,000 for the benefit of PG&E.			

BACKGROUND AND HISTORY

Incorporated in 1905, PG&E is a public utility operating in northern and central California. PG&E engages in the businesses of electricity and natural gas distribution, electricity generation, procurement and transmission, and natural gas procurement, transportation and storage. On January 1, 1997, PG&E Corporation became the holding company of PG&E and its subsidiaries. As of December 31, 2009, PG&E served approximately 5.1 million electricity distribution customers and approximately 4.3 million natural gas distribution customers.

PG&E is regulated primarily by the California Public Utilities Commission (CPUC) and the Federal Energy Regulatory Commission (FERC). Among other things, the CPUC has jurisdiction to set the rates, terms and conditions of service for PG&E's electricity distribution, natural gas distribution and natural gas transportation and storage services in California. Ratemaking for retail sales from PG&E's generation facilities is also under the jurisdiction of the CPUC. The FERC has jurisdiction to set the rates, terms and conditions of service for PG&E's electricity transmission operations and wholesale electricity sales.

PROJECT DESCRIPTION / FINANCING STRUCTURE

The purpose of this financing is to refund the \$50,000,000 2005 E Bonds. For tax purposes, the 2010 E Bonds will be treated as a continuation of 2005 E Bond.

2005

The 2005 E Bonds were issued by the I-Bank as part of \$453,550,000 in auction rate securities, identified as Series A-G (2005 Bonds). The 2005 Bonds were issued to repay interim financing obtained by PG&E as part of its plan of reorganization in bankruptcy. The interim financing was used to repay bonds issued by the California Pollution Control Financing Authority throughout the 1980's and 1990's, initially issued to fund air and water pollution control and sewage and solid waste disposal facilities at the Geysers Geothermal Power Plant and the Diablo Canyon Nuclear Power Plant.

2008

During 2008, due to market disruptions, the auction rates for the 2005 Bonds were reset at rates as high as 10%. In addition, the ratings for the insurer of the 2005 Bonds, Ambac Assurance Company, were reduced to below market grade. As a result, PG&E purchased its 2005 Bonds, and sought refunding for all seven series of the 2005 Bonds.

Resolution 08-25, adopted on August 21, 2008, approved seven series of bonds to refund Series A-G of the 2005 Bonds. See Exhibit A – I-Bank Staff Report for the August 21, 2008 Board meeting.

In September and October 2008, six series of bonds were issued to refund Series A – D and F and G of the 2005 Bonds.

2009

On February 24, 2009, the I-Bank Board approved Resolution 09-03, amending Resolution 08-25, to extend the date for the issuance of the remaining \$50,000,000 of unissued refunding bonds for the purpose of refunding the 2005 E Bonds, and authorized the I-Bank Executive Director to extend the

date for issuance of the 2005 E Bonds to February 25, 2010. See Exhibit B – I-Bank Staff report for the February 24, 2009 meeting.

Due to conditions in the tax-exempt markets, bonds to refund the 2005 E Bonds were not issued prior to February 24, 2009, and that authority has expired.

2010

In light of much improved market conditions for fixed rate tax-exempt bonds, PG&E now proposes to exchange the 2005 E Bonds for 2010 E Bonds, secured by PG&E's obligation to make loan payments in the amount due on the 2010 E Bonds. The documents relating to the 2010 E Bonds are substantially similar to the documents relating to the refunding bonds issued in 2008. Once the exchange has been completed, PG&E will offer the 2010 E Bonds to investors and the 2010 E Bonds are expected to carry a rating of A3 by Moody's and BBB+ by Standard & Poor's, each based upon the credit rating of PG&E.

The 2010 E Bonds shall constitute a special obligation of the I-Bank, payable solely from revenues provided under a loan agreement between the I-Bank and PG&E. Neither the faith and credit nor the taxing power of the I-Bank, the State or any political corporation, subdivision or agency of the State will be pledged to the payment of the principal of, premium, if any, or interest on the 2010 E Bonds, nor shall the State or any political corporation, subdivision or agency of the State (except the I-Bank to the extent of its limited obligation) be liable or obligated to pay the principal of, premium, if any, or interest on, the 2010 E Bonds.

PUBLIC BENEFITS

Pursuant to a long-standing commitment by PG&E, ensured by the regulatory oversight of the CPUC, PG&E's electric and gas rates are set to cover various expenses of PG&E including its interest expenses. The vehicle for passing the benefit of the cost savings of this proposed refunding along to PG&E customers is the CPUC's annual cost of capital proceeding. In that proceeding, PG&E provides a listing of all its outstanding debt, as well as any projected changes, for the CPUC's review and approval. The interest expense that is approved by the CPUC is then incorporated into electric and gas rates charged to customers. To date, PG&E estimates that the prior tax-exempt financings have saved PG&E California customers several million dollars per year in interest expense, compared to taxable or corporate debt.

Subsequent to the issuance of the 2005 Bonds, in early 2008, the ARS (auction rate securities) market became severely damaged due to credit risk problems related to the sub-prime mortgage market resulting in failed auctions and spikes in interest rates. During this time, interest rates of the 2005 E Bonds reset as high as 10%, substantially increasing borrowing costs for PG&E. In March and April 2008, PG&E elected to use funds from its general treasury to repurchase the 2005 E Bonds to mitigate the high interest rates caused by the failure of the ARS market.

Additionally, the 2005 E Bonds were insured by a policy issued by Ambac Assurance Company (Ambac). By June 2008, Ambac's credit rating was downgraded from Aaa/AAA to Aa3/AA by Moody's Investor's Service (Moody's) and Standard & Poor's (S&P), respectively, due to Ambac's reported financial losses also related to the continued sub-prime mortgage crisis. Ambac's credit ratings now stand at Caa2 from Moody's and CC from S&P. PG&E has been advised that remarketing the 2005 E Bonds with Ambac insurance in place would increase the future rates to be born by the 2005 E Bonds in comparison to similar bonds without any third-party credit enhancement.

If a tax-exempt refunding were not possible, PG&E probably would replenish the \$50,000,000 withdrawn from its general treasury funds by arranging for the 2005 E Bonds to be redeemed using proceeds of higher-cost taxable debt issued with similar terms to maturity. However, by eliminating the ARS structure and the presence of the Ambac insurance, PG&E anticipates that the exchange of 2010 E Bonds for the 2005 E Bonds, together with a public remarketing of the 2010 E Bonds, will save an estimated \$1.4 million for customers in interest costs on a present value basis over the next 5 years.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Describe:
TEFRA	
Date of TEFRA hearing	A TEFRA hearing was held for the 2005 E Bonds on November 4, 2004. An additional TEFRA hearing is not required for the 2010 E Bonds because, for federal tax purposes, those bonds are treated as a continuation of the 2005 E Bonds.
Publications	N/A
Oral/Written Comments	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Explain:
LEGAL QUESTIONNAIRE	
Completed?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Issues?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, Explain: PG&E has numerous lawsuits outstanding at any given time. As a publicly traded and regulated corporation, material information concerning the financial position and pending lawsuits and investigations are available to the public.
ELIGIBILITY REVIEW	
Project meets Public Interest Criteria (per G.C. §63046) <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<ol style="list-style-type: none"> 1. The Project is in the State of California. 2. PG&E is capable of meeting its obligations incurred under the proposed loan agreements, and, in particular as to its loan repayment obligations which secure the 2010 E Bonds, as a result of PG&E's ability to satisfy the requirements imposed by Moody's Investor's Service which has granted a rating of PG&E's senior notes, which are not supported by any credit enhancement, of "A3". 3. Payments to be made by PG&E to the I-Bank under the proposed loan agreement are adequate to pay the current expenses of the I-Bank in connection with the financing and to make all the scheduled payments on the 2010 E Bonds. 4. The proposed financing is appropriate for the Project. 5. PG&E has represented that both the Geysers Geothermal Power Plant (now owned and orated by Geyser's Power Company, LLC.) and the Diablo Canyon Power Plant, owned and operated by PG&E, are consistent with any existing local or regional comprehensive plans.
The Project meets the Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities established as guidelines for I-Bank Staff by the Board: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
The "A3" rating provided by Moody's Investor's Service is within the minimum rating criteria of the Policies and Procedures, which requires only one rating within the minimum rating criteria.	
INDUCEMENT CERTIFICATE	
Completed?	<input type="checkbox"/> NO <input type="checkbox"/> YES Certificate No.: <input checked="" type="checkbox"/> N/A Date:

RECOMMENDATION

Staff recommends approval of Resolution 10-13 authorizing the issuance of 2010 E Bonds as refunding bonds in an amount not to exceed \$50,000,000 for the benefit of PG&E, and for the purpose of refunding the 2005 E Bonds.

ATTACHMENT A: STAFF REPORT OF AUGUST 21, 2008

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-Bank) EXEMPT FACILITY REVENUE BOND FINANCING PROGRAM

STAFF REPORT

EXECUTIVE SUMMARY

Applicant:	Pacific Gas and Electric Company (PG&E)	Amount Requested:	Not to exceed \$453,550,000
Applicant Description:	PG&E, one of the largest investor-owned natural gas and electric utilities in the United States, serving approximately 5.1 million electricity distribution customers and approximately 4.3 million natural gas distribution customers throughout northern and central California.	Date of Board Meeting:	August 21, 2008
		Type of Issue:	Exchange/Refunding
		Resolution Number:	08-25
Project Site:	Geysers Geothermal Power Plant with locations within Sonoma, Mendocino and Lake Counties, and Diablo Canyon Nuclear Power Plant located on the Pacific Coast Highway near San Luis Obispo.	Prepared by: Tara Dunn and Andrea Kennedy	
Project Description:	The I-Bank previously issued auction rate securities in 2005 (2005 Bonds) to repay loans used to pay-off prior bonds issued by the California Pollution Control Financing Authority as a result of PG&E's bankruptcy filing in 2001. The 2005 Bonds have all been repurchased by PG&E in accordance with US Treasury guidelines.		
Uses of Bond Proceeds:	Bond proceeds (2008 Bonds) will be used to replace the 2005 Bonds through an exchange. Once the 2008 Bonds are exchanged for the 2005 Bonds, the 2005 Bonds will be cancelled.		
Public Benefits:	PG&E estimates that the proposed tax-exempt refunding bonds will enable it to save ratepayers approximately \$55 million in interest, on a present value basis, over the next 18 years.		

Financing Structure:

Type of Issue: Once exchanged, it is expected that the 2008 Bonds will be resold on the secondary market as a combination of publicly-offered variable-rate demand bonds and fixed rate demand bonds.

Tax Status: Tax-exempt, exempt facility bonds.

Term: 8 to 18 years.

Credit Enhancement: Unenhanced and/or secured with direct-pay letters of credit.

Credit Rating: The 2008 Bonds will be issued directly to PG&E. The underlying credit ratings of PG&E are currently A3/BBB+/A by Moody's, Standard & Poor's and Fitch, respectively.

Total Est. Sources of Funds:		Total Est. Uses of Funds*:	
2008 Bond Proceeds	\$453,550,000	2005 Bonds	\$453,550,000
TOTAL SOURCES	\$453,550,000	TOTAL USES	\$453,550,000

*Costs of issuance will be paid by PG&E from other sources of funds.

Financing Team:

Bond Counsel: Sidley Austin, LLP
Borrower Counsel: Orrick Herrington & Sutcliffe
Underwriter's Counsel: Ballard Spahr Andrew & Ingersoll
Trustee: Deutsche Bank Trust Company

Staff Recommendation:

Staff recommends approval of Resolution 08-25 for an amount not to exceed \$453,550,000 for Pacific Gas and Electric Company.

BACKGROUND AND HISTORY

Incorporated in 1905, Pacific Gas and Electric Company (PG&E) is a public utility operating in northern and central California. PG&E engages in the businesses of electricity and natural gas distribution, electricity generation, procurement and transmission, and natural gas procurement, transportation and storage. On January 1, 1997, PG&E Corporation became the holding company of PG&E and its subsidiaries.

Electricity and Natural Gas Distribution. As of December 31, 2007, PG&E served approximately 5.1 million electricity distribution customers and approximately 4.3 million natural gas distribution customers. In 2007, PG&E delivered approximately 86,179 gigawatt hours (GWh) of electricity, which included approximately 6,723 GWh transmitted to direct access customers, and delivered approximately 875 billion cubic feet (Bcf) of natural gas, which included approximately 605 Bcf of natural gas that PG&E did not purchase but transports on behalf of its customers.

Electricity Generation. PG&E owns, operates and controls an extensive hydroelectric system in northern and central California and the Diablo Canyon nuclear power plant located near San Luis Obispo, California. As of December 31, 2007, PG&E's electricity generation portfolio consisted of approximately 6,271 megawatts of owned generating capacity.

Electricity Transmission. PG&E owns and operates an electricity transmission system that comprises most of the high-voltage electricity transmission lines and facilities in northern and central California. PG&E's high-voltage transmission system currently consists of approximately 18,680 circuit miles of interconnected electricity transmission lines and support facilities.

Natural Gas Procurement Transportation and Storage. PG&E also owns and operates a natural gas pipeline and storage system that extends throughout all or part of 39 of California's 58 counties and includes most of northern and central California. This system currently consists of approximately 41,805 miles of distribution pipelines, 6,393 miles of backbone and local transmission pipelines and three storage facilities.

PG&E is regulated primarily by the California Public Utilities Commission (CPUC) and the Federal Energy Regulatory Commission (FERC). Among other things, the CPUC has jurisdiction to set the rates, terms and conditions of service for PG&E's electricity distribution, natural gas distribution and natural gas transportation and storage services in California. Ratemaking for retail sales from PG&E's generation facilities is also under the jurisdiction of the CPUC. The FERC has jurisdiction to set the rates, terms and conditions of service for PG&E's electricity transmission operations and wholesale electricity sales.

The California Energy Crisis and PG&E's Bankruptcy

As a result of the California energy crisis, PG&E filed a voluntary petition for relief under the provisions of Chapter 11 on April 6, 2001. PG&E retained control of its assets and was authorized to operate its business as a debtor-in-possession during its Chapter 11 bankruptcy proceeding. PG&E Corporation and the subsidiaries of PG&E, including PG&E Funding LLC, which issued rate reduction bonds, and PG&E Holdings LLC, which holds stock of PG&E, were not included in PG&E's Chapter 11 proceeding.

PG&E emerged from Chapter 11 when its plan of reorganization became effective on April 12, 2004. The plan of reorganization incorporated the terms of the Chapter 11 Settlement Agreement. Although PG&E's operations are no longer subject to the oversight of the bankruptcy court, the bankruptcy court retains jurisdiction to hear and determine disputes arising in connection with the interpretation,

implementation or enforcement of (1) the Chapter 11 Settlement Agreement, (2) the plan of reorganization and (3) the bankruptcy court's December 22, 2003 order confirming the plan of reorganization. In addition, the bankruptcy court retains jurisdiction to resolve remaining disputed claims.

See Appendix A for a current list of PG&E's Corporate Officers and Board Members.

PROJECT DESCRIPTION / FINANCING STRUCTURE

On May 24, 2005, the I-Bank issued bonds (2005 Bonds) totaling \$453,550,000 as auction rate securities (ARS) insured by Ambac Assurance Corporation (Ambac). The 2005 Bonds proceeds repaid loans that were used to pay-off prior bonds previously issued by the California Pollution Control Financing Authority (CPCFA Bonds) as a result of PG&E's bankruptcy filing in 2001. The CPCFA Bonds were used to finance costs of air and water pollution control as well as sewage and solid waste disposal facilities for two projects: PG&E's former Geysers Geothermal Power Plant comprised of geothermal electric generating facilities located in Lake and Sonoma Counties (currently owned by Calpine Corporation through Geysers Power Company, LLC) and Diablo Canyon Nuclear Power Plant.

Subsequent to the issuance of the 2005 Bonds, in early 2008 the ARS market became severely damaged due to credit risk problems related to the sub-prime mortgage market resulting in failed auctions and spikes in interest rates. During this time, interest rates of the 2005 Bonds reset as high as 10% substantially increasing borrowing costs for PG&E. In March and April 2008, PG&E elected to repurchase the 2005 Bonds in accordance with US Treasury guidelines to mitigate the high interest rates caused by the failure of the ARS market.

Additionally, Ambac's credit rating was downgraded from AAA to Aa3/AA by Moody's Investor's Service (Moody's) and Standard & Poor's (S&P), respectively, in June 2008 due to Ambac's reported financial losses also related to the continued sub-prime mortgage crisis.

PG&E has now requested the I-Bank to issue its refunding revenue bonds (2008 Bonds) in an amount not to exceed \$453,550,000 to assist in refinancing the 2005 Bonds. The 2008 Bonds are expected to be sold and delivered to PG&E in exchange for the 2005 Bonds, thereby refinancing the 2005 Bonds. Concurrently with the exchange of the 2008 Bonds for the 2005 Bonds, the 2005 Bonds will be cancelled.

Once exchanged, it is expected that the 2008 Bonds will be resold on the secondary market as a combination of publicly-offered variable-rate demand bonds and fixed rate demand bonds. A portion of the 2008 Bonds to be resold are expected to be secured by direct-pay letters of credit while the remaining portion of the 2008 Bonds to be resold are expected to be unenhanced and carry PG&E's underlying rating. PG&E is currently rated A3/BBB+/A by Moody's, S&P and Fitch Ratings, Inc., respectively. All three rating agencies have recently upgraded PG&E's rating citing improved financial performance, a favorable regulatory environment and narrow strategic focus on regulated utility operations.

The 2008 Bonds shall constitute a special obligation of the I-Bank, payable solely from revenues or other sources provided for under one or more loan agreements between the I-Bank and PG&E. Neither the faith and credit nor the taxing power of the I-Bank, the State or any political corporation, subdivision or agency of the State will be pledged to the payment of the principal of, premium, if any,

or interest on the 2008 Bonds, nor shall the I-Bank the State or any political corporation, subdivision or agency of the State be liable or obligated to pay the principal of, premium, if any, or interest on, the 2008 Bonds.

PUBLIC BENEFITS

Pursuant to a long-standing commitment by PG&E, ensured by the regulatory oversight of the CPUC, PG&E's electric and gas rates are set to cover PG&E's interest expenses. The vehicle for passing this benefit along to PG&E customers is the CPUC's annual cost of capital proceeding. In that proceeding, PG&E provides a listing of all its outstanding debt, as well as any projected changes, for the CPUC's review and approval. The interest expense that is approved by the CPUC is then incorporated into electric and gas rates charged to customers. PG&E estimates that the CPCFA Bonds and the 2005 Bonds have saved PG&E California customers as much as \$7.7 million per year in interest expense.

If a tax-exempt refunding were not possible, PG&E probably would replenish the \$453,550,000 withdrawn from its general treasury funds by arranging for the 2005 Bonds to be redeemed using proceeds of higher cost taxable debt issued with similar terms to maturity and with a similar mix of fixed-rate and variable rate debt.

To avoid continued higher borrowing costs on the 2005 Bonds due to the ARS structure and the presence of the Ambac insurance, PG&E anticipates that the exchange of 2008 Bonds for the 2005 Bonds will save an estimated \$55 million for customers on a present value basis over the next 18 years.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Describe:
TEFRA	
Date of TEFRA	Not applicable, the proposed exchange is covered under the TEFRA held for the 2005 Bonds.
Publications	
Oral/Written Comments	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Explain:
LEGAL QUESTIONNAIRE	
Completed?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Issues?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, Explain: PG&E has numerous lawsuits outstanding at any given time. As a publicly traded and regulated corporation, material information concerning the financial position and pending lawsuits and investigations are available to the public.
ELIGIBILITY REVIEW	
Project meets Public Interest Criteria (per G.C. §63046) <input type="checkbox"/> YES <input type="checkbox"/> NO	6. Project is in the State of California. 7. PG&E is capable of meeting the obligations incurred under relevant agreements. 8. Payments to be made by PG&E to the I-Bank under the proposed financing agreements are adequate to pay the current expenses of the I-Bank in connection with the financing and to make all the scheduled payments. 9. The proposed financing is appropriate for the Project.
Project meets Policies and Procedures established for the expeditious review of applications?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
INDUCEMENT CERTIFICATE	
Completed?	<input type="checkbox"/> NO <input type="checkbox"/> YES Certificate No.: <input checked="" type="checkbox"/> N/A Date:

RECOMMENDATION

Staff recommends approval of Resolution 08-25, for an amount not to exceed \$453,550,000 for Pacific Gas and Electric Company.

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Names and Titles of PG&E's Corporate Officers

Arndt, William (Bill), Vice President, T&D Business Operations; Interim: Vice President, Project Management and Program Office

Barcon, Barbara L., Vice President, Finance and Chief Financial Officer

Basgal, Ophelia B., Vice President, Civic Partnership and Community Initiatives

Becker, James R., Site Vice President, Diablo Canyon Power Plant

Bell, Desmond Vice President, Shared Services and Chief Procurement Officer

Bottorff, Thomas E., Senior Vice President, Regulatory Relations

Burt, Helen A., Senior Vice President and Chief Customer Officer

Cairns, Stephen J., Vice President and Controller

Cheng, Linda Y.H., Vice President, Corp Governance & Corp Secretary

Cherry, Brian K., Vice President, Regulatory Relations

Conway, John T., Senior Vice President and Chief Nuclear Officer

Hapner, Dede, Vice President, FERC and ISO Relations

Harper III, William H., Vice President and Chief Diversity Officer

Hartman, Sanford L., Vice President and Managing Director, Law

Hayes, William D., Vice President, Maintenance and Construction

Howard, Robert T., Vice President, Gas Transmission and Distribution

Johns, Christopher P., Senior Vice President & Treasurer

Johnson, Mark S., Vice President, Electric Operations and Engineering

Keenan, John S. (Jack), Senior Vice President and Chief Operating Officer

Kiraly, Gregory K., Vice President, Maintenance & Construction

Kuga, Roy M., Vice President, Energy Supply

Lawicki, Patricia, Senior Vice President and Chief Information Officer

Livingston, Randal S., Vice President, Power Generation

Martinez, Placido J. (P.J.), Vice President, Transmission and Substations

McFadden, Nancy E., Senior Vice President, Public Affairs

Mistry, Dinyar B., Vice President, Regulation and Rates

Morrow, William T., President and Chief Executive Officer

Salas, Edward A., Senior Vice President, Engineering and Operations

Simon, John R., Senior Vice President, Human Resources

Wan, Fong, Vice President, Energy Procurement

Whitcomb, Bradley E., Vice President, Marketing and Customer Innovation

Williams, Geisha J., Senior Vice President, Energy Delivery

Pacific Gas and Electric Board

David R. Andrews

C. Lee Cox

Peter A. Darbee

Maryellen C. Herring

Richard A. Meserve

Mary S. Metz

William (Bill) T. Morrow

Barbara L. Rambo

Barry Lawson Williams

ATTACHMENT B: STAFF REPORT OF FEBRUARY 24, 2009

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-BANK)

STAFF REPORT

ISSUE: Pacific Gas and Electric Company (PG&E) requests an amendment to Resolution 08-25, adopted on August 21, 2008, in order to extend the date for the issuance of \$50,000,000 of unissued revenue bonds authorized by Resolution 08-25 to a time no later than August 25, 2009.

NEED FOR AMENDMENT: Section 6 of Resolution 08-25 authorized the Treasurer to sell or to exchange the revenue bonds authorized by Resolution 08-25 (2008 Bonds) for a like amount and series of 2005 Bonds within 90 days of receipt of a certified copy of Resolution 08-25. All but \$50,000,000 of the authorized 2008 Bonds were issued on or before October 29, 2008. A certified copy of Resolution 08-25 was delivered to the Treasurer's office on November 13th, 2008, effectively establishing February 11th, 2009 as the last day to issue 2008 Bonds.

BACKGROUND INFORMATION: On August 21, 2008, the I-Bank approved Resolution 08-25 authorizing the issuance of refunding revenue bonds (2008 Bonds) in an amount not to exceed \$453,550,000 to exchange for a like amount and series of revenue refunding bonds issued by the I-Bank in 2005 (2005 Bonds). Concurrently with the exchange of the 2008 Bonds for the 2005 Bonds, the 2005 Bonds would be canceled. A copy of Resolution 08-25 and the Staff Report dated August 21, 2008 are attached for a more complete description of the exchange and financing structure (see **Attachment A**).

Subsequent to the adoption of Resolution 08-25, on September 22nd and October 29th, 2008, a total of \$403,550,000 of 2008 Bonds were issued and exchanged for 2005 Bonds identified as Series 2005A, 2005B, 2005C, 2005D, 2005F and 2005G. Series 2005E remains outstanding in the amount of \$50,000,000.

RECOMMENDATION: Staff recommends approval of Resolution 09-03 authorizing an amendment to Resolution 08-25 to extend the date for the issuance and sale of the unissued amount of those revenue bonds authorized by Resolution 08-25 in an aggregate principal amount not to exceed \$50,000,000 to a date not later than August 25, 2009.